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APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF THE GOVERNMENT OF BANGLADESH

Assistance to Pre-Investment Studies on Basic Petro-Chemical Industries (BGD/79/032)

Report of the Administrator*

Date of present approval:	December 1979
Starting date of project activities:	June 1980
Planned completion date:	December 1981
To be executed by:	United Nations Industrial Development Organization (UNIDO)
Government implementing agency:	Planning Commission (Ministry of Planning)
Estimated cost of assistance planned under present approval:	$385 000
Source of UNDP financing:	Special Measures Fund for Least Developed Countries

I. Background

1. The development of a petrochemical industry based on locally available natural gas has been under consideration by the Government for the past two decades. Two UNIDO funded Special Industrial Services (SIS) projects were undertaken in 1978 to study the utilization of natural gas. Studies on the subject were undertaken earlier (1963-1970) by various consulting firms on behalf of the Pakistan Planning Commission and the World Bank. These studies neither conclusively recommended (with

* In accordance with General Assembly resolution 2688 (XXV) and subsequent authorizations of the UNDP Governing Council, reports are issued seriatim on the approval of UNDP assistance of $250,000 or more (including, if any, assistance financed by Government or by third-party cost sharing).

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the exception of urea fertilizer factories) nor altogether rejected the establishment of gas-based petrochemical industries.

2. The Government wishes to utilize indigenous resources and reduce the country's dependence on imports; it has therefore sought UNDP assistance in conducting pre-investment studies on the establishment of basic petrochemical industries based on natural gas. The present project will contribute towards the realization of this objective, and may possibly lead to investment in a number of petrochemical projects during the Second Five Year Plan (1980-85).

II. Objectives and activities

3. The immediate objectives of the project are to assist the Government in (a) formulating a long-term strategy for the development of petrochemical industries in Bangladesh, including recommendations for future projects; (b) determining the technical and economic viability of setting up a Polyvinyl Chloride (PVC) plant based on natural gas; (c) formulating a strategy for developing PVC end-processing industries; and (d) determining the feasibility of establishing a man-made fibres industry.

4. Project outputs will include a number of feasibility studies, a strategy for the development of petrochemical industries and one for developing the Government's capacity to formulate and evaluate petrochemical industry projects. Activities to assist the Government in achieving these outputs include visits by Government project personnel to petrochemical plants to obtain data for the feasibility studies, and holding an international colloquium during the course of those studies.

III. Inputs

5. UNDP will provide, through the Executing Agency, the services of consultant chemical engineers either by subcontract or directly. It will finance study tours to petrochemical plants and an international colloquium on petrochemical industries, and furnish PVC testing materials, transportation and office equipment.

6. The Government will provide professional and supporting staff, vehicles, office space, furniture and equipment directly to the project. These inputs as well as the implementation of UNDP assistance will be organized through the Government Petrochemical Working Group and its Project Co-ordinator.

IV. Financial data

7. The expenditure components of the planned assistance are as follows:

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Personnel	10 000
Subcontracts	130 000
Training	172 000
Equipment	70 000
Miscellaneous	3 000
	385 000

8. The estimated total value, expressed in US dollars, of the inputs provided directly by the Government to the project is $302,900 in kind.

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